

ABSTRACT

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A method is provided for utilizing, accepting and processing checks on-line in a computer network environment. The method of the present invention provides for a payment settlement process that electronically originates a paper check for the settlement of on-line transactions. The method leverages processes that exist for handling paper checks within the banking system. In an embodiment of the present invention, a user may select an option to settle a transaction by check, then the user is prompted for personal and financial information to facilitate the creation of a check and to guarantee the availability of funds. The guarantee of funds precludes an on-line merchant from any involvement in the process of receiving payment on a returned check. In a further embodiment of the present invention, the collected information is transferred to a participating bank where a check is printed and deposited. Records of the transaction are also generated and maintained for all the parties involved.